

PX 31

Message

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Sent: 8/21/2014 7:54:48 AM
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CC: [REDACTED]@yahoo.com]
Subject: The Ripple Protocol: A Deep Dive for Finance Professionals

Hi guys,

To help clarify Ripple's role in the financial ecosystem, we prepared an industry report that explains Ripple as a decentralized transaction protocol, applications for financial institutions, regulatory considerations, etc.

To access the report, please visit <https://ripple.com/ripple-deep-dive/>.

Talk soon,
Phil



To access the full report, please visit <https://ripple.com/ripple-deep-dive/>. If you have trouble accessing the link, please email us at partners@ripple.com.

Ripple Protocol: The Internet for Value

Ripple is a universal protocol founded in 2012 to power the cheapest and fastest payment system for value transfer. Ripple's technology enables users to transfer funds (including fiat currencies, digital currencies and other forms of value) across national boundaries as seamlessly as sending an email.

Building Upon Other Digital Currencies

Like other digital currencies such as Bitcoin, the Ripple Protocol enables peer-to-peer transaction settlement across a decentralized network of computers. As a result, Ripple circumvents many of the fees and reduces many of the risks involved in interbank funds transfers, particularly in international transactions. Unlike other digital currency protocols, however, the Ripple Protocol is currency agnostic and users are not required to transact in the Protocol's native currency (XRP). In addition, the technology enables near real-time settlement (two to six seconds) and is built to route each international transaction to the cheapest FX bid/ask spread available in the network.

A Compelling Alternative to Correspondent Banking

As a result of its key features, the Ripple Protocol represents a compelling alternative to traditional interbank funds transfer systems. While this report walks through several potential applications of the protocol, the technology is perhaps most promising in international transactions. Given the absence of an international payment rail, international interbank funds transfers rely on a series of correspondent banking networks which introduce multiple layers of fees, counterparty risk and settlement delays. The Ripple Protocol eliminates the costs associated with correspondent banking as it enables two banks located anywhere in the world to transact directly on a real-time basis.

Partnerships are Key

Another key differentiator of Ripple is the network's reliance on partnerships with banks, payment processors, money transmitters, and other financial services institutions. This approach stands in contrast to other peer-to-peer networks, most of which seek to disintermediate existing players. The Ripple Protocol is not built to interface directly with consumers and businesses and does not govern retail prices. Thus, the Protocol provides financial institutions with the

flexibility of passing on some of costs savings to their end customers (consumers and businesses) while managing profit margins.

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